

HAVE WE GOT A TAX CREDIT FOR YOU!

A number of tax incentives are available for the rehabilitation of historic and non-historic properties in South Carolina. Each program has specific requirements and taxpayers/owners should consult the literature for each program to ensure that the program fits their project. For projects involving historic properties, contact the South Carolina Department of Archives and History (Department) early in the planning process. Some of these programs require approval before construction.

| | Owner-Occupied Historic Residence | Income-Producing Historic Building | Income-Producing Non-historic Building | Mixed Use Historic Building (see Note) |
|----------------------------------|--------------------------------------|---------------------------------------|---|---|
| Federal 10% Income Tax Credit | | | ✓ (non-residential) | |
| Federal 20% Income Tax Credit | | ✓ | | Partial |
| State 10% Income Tax Credit | | ✓ | | Partial |
| State 25% Income Tax Credit | ✓ | | | Partial |
| Local Property Tax Abatement | ✓ | ✓ | | ✓ |

Note: Mixed uses in a historic building are eligible for different programs and costs must be allocated for each use, with corresponding allocations of the state and federal income tax credits.

Description of tax incentives for rehabilitation

The descriptions of the tax incentives that follow are brief and do not include all the detailed requirements. Consult the information on each program for the full description of each program available from the Department. www.state.sc.us/scdah/histrcpl.htm

Federal 10% Income Tax Credit

Eligible buildings: Non-historic building built before 1936 (property cannot be listed in the National Register of Historic Places or be contributing to a National Register historic district).

Eligible use: Income-producing use (rental residential is not eligible for the 10% credit).

Expenditure requirements: Costs must meet the adjusted basis of the building (purchase price minus land value).

Review of work: None.

Federal 20% Income Tax Credit

Eligible buildings: Historic building (listed in the National Register or contributing to a National Register district).

Eligible use: Income-producing use (including rental residential).

Expenditure requirements: Costs must meet the adjusted basis of the building (see above).

Review of work: Rehabilitation work must meet the Secretary of the Interior's *Standards for Rehabilitation*.

State 10% Income Tax Credit

Project must meet all the requirements for the Federal 20% Income Tax Credit. No additional review is necessary.

State 25% Income Tax Credit

Eligible buildings: Historic building (listed individually in the National Register of Historic Places; contributing to a National Register historic district; eligible for individual listing in the National Register as determined by the Department; or an outbuilding of an eligible property that contributes to the significance of that property as determined by the Department).

Eligible use: Owner-occupied residence (not used in a trade or business, held for the production of income, or held for sale or disposition in the ordinary course of the taxpayer's trade or business). Multiple uses within the same building are allowed, costs must be allocated for specific programs.

Expenditure requirements: \$15,000 of specific 'rehabilitation expenses' within 36 months. Taxpayer can only take one credit on the same building within ten years.

Review of work: Work must be approved prior to construction; rehabilitation work must meet the *Standards for Rehabilitation*.

Local Property Tax Abatement (two-year tax freeze, eight years at the pre-rehabilitation assessment or 40% of the post-rehabilitation assessment, whichever is greater)

Eligible communities: Local ordinance must establish this program.

Eligible buildings: Historic building (designated historic by local government: listed individually in the National Register of Historic Places; contributing to a National Register historic district; or properties more than fifty years old that meet the criteria for local government historic designation).

Eligible use: Owner-occupied or income-producing.

Expenditure requirements: For owner-occupied, expenditures for rehabilitation must exceed 50% of the appraised value of the building. For income-producing, expenditures for rehabilitation must exceed the appraised value of the building.

Review of work: Rehabilitation work must meet the *Standards for Rehabilitation*.

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